# MORNING MOCHA

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Economist
Aditi Gupta

US-Iran tensions remained in focus with news reports suggesting some peace proposals are being considered. Despite this, there has been an indication of a blockade of another key shipping route, disrupting supplies from Saudi Arabia. Separately, US President announced fresh 50% tariff on a host of Canadian imports, in response to "discriminatory" treatment of US goods. In India, RBI released data on foreign inflows received under its recent measures. As per the data, a total of US$ 20.7bn has been mobilised until 17 Jul 2026, with FCNR (B) deposits (US$ 17.4bn) attracting the most. At the same time, foreign inflows mobilised through concessional swap facility for ECBs/OCBs was US$ 3.3bn. Separately, growth in India's index of core industries accelerated to 5% in Jun'26 from 3.2% in May'26. While output of iron ore, electricity and cement continued to expand, production of fertilizers and refinery products declined further.

- Except Hong Kong and China, global indices closed lower. Investors remained cautious over US tariffs on Canada and aggravated geo-political tensions. Stocks in UK fell the most, tracking political developments. Sensex dipped led by banking stocks. It is trading lower today. Asian markets are trading mixed.

**Table 1 – Stock markets**

| | 17-07-2026 | 20-07-2026 | Change, % |
|---|---|---|---|
| Dow Jones | 52,146 | 51,839 | (0.6) |
| S & P 500 | 7,458 | 7,443 | (0.2) |
| FTSE | 10,600 | 10,525 | (0.7) |
| Nikkei | 66,836 | 64,141 | (4.0) |
| Hang Seng | 24,562 | 25,143 | 2.4 |
| Shanghai Comp | 3,764 | 3,796 | 0.9 |
| Sensex | 78,151 | 77,709 | (0.6) |
| Nifty | 24,334 | 24,239 | (0.4) |

Source: Bloomberg, Bank of Baroda Research | Note: Nikkei was closed on 20 Jul 2026

- Global currencies ended broadly lower. DXY rose by 0.2% tracking an uptick in US yields. EUR fell ahead of ECB meet. GBP also declined as investors await fiscal plans of the new government. INR dipped tracking higher oil prices. It is trading stronger today, while other Asian currencies are trading mixed.

**Table 2 – Currencies**

| | 17-07-2026 | 20-07-2026 | Change, % |
|---|---|---|---|
| EUR/USD (1 EUR / USD) | 1.1439 | 1.1414 | (0.2) |
| GBP/USD (1 GBP / USD) | 1.3452 | 1.3431 | (0.2) |
| USD/JPY (JPY / 1 USD) | 162.40 | 162.50 | (0.1) |
| USD/INR (INR / 1 USD) | 96.28 | 96.45 | (0.2) |
| USD/CNY (CNY / 1 USD) | 6.7762 | 6.7684 | 0.1 |
| DXY Index | 100.77 | 100.95 | 0.2 |

Source: Bloomberg, Bank of Baroda Research

- Global yields broadly closed higher. UK's 10Y yield rose at the sharpest pace amidst fiscal concerns surrounding recent political developments. US 10Y yield rose by 4bps amidst inflationary concerns. India's 10Y yield closed steady. It is trading lower at 6.76% today.

**Table 3 – Bond 10Y yield**

| | 17-07-2026 | 20-07-2026 | Change, bps |
|---|---|---|---|
| US | 4.55 | 4.59 | 4 |
| UK | 4.95 | 5.03 | 8 |
| Germany | 3.13 | 3.15 | 2 |
| Japan | 2.70 | 2.70 | 0 |
| China | 1.73 | 1.74 | 0 |
| India | 6.78 | 6.78 | 0 |

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

| | 17-07-2026 | 20-07-2026 | Change, bps |
|---|---|---|---|
| Tbill-91 days | 5.29 | 5.27 | (2) |
| Tbill-182 days | 5.50 | 5.53 | 3 |
| Tbill-364 days | 5.61 | 5.62 | 1 |
| G-Sec 2Y | 6.21 | 6.21 | 0 |
| India OIS-2M | 5.43 | 5.43 | 0 |
| India OIS-9M | 5.81 | 5.83 | 2 |
| SONIA int rate benchmark | 3.73 | 3.73 | 0 |
| US SOFR | 3.62 | 3.59 | (3) |

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

| Rs tn | 17-07-2026 | 20-07-2026 | Change (Rs tn) |
|---|---|---|---|
| Net Liquidity (-deficit/+surplus) | 0.7 | 0.8 | 0.1 |

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

| | 16-07-2026 | 17-07-2026 | change (US$ mn/Rs cr) |
|---|---|---|---|
| FII (US$ mn) | (311.6) | 609.2 | 920.8 |
| Debt | 18.6 | 631.6 | 613.0 |
| Equity | (330.2) | (22.4) | 307.8 |
| Mutual funds (Rs cr) | 748.4 | 1,408.0 | 659.6 |
| Debt | (577.5) | (667.5) | (90.0) |
| Equity | 1,325.8 | 2,075.4 | 749.6 |

Source: Bloomberg, Bank of Baroda Research| Note: Mutual Fund data as of 9th and 10th Jul 2026

- Oil prices inched up tracking geo-political developments.

**Table 7 – Commodities**

| | 17-07-2026 | 20-07-2026 | Change, % |
|---|---|---|---|
| Brent crude (US$/bbl) | 88.1 | 89.2 | 1.3 |
| Gold (US$/ Troy Ounce) | 4,017.4 | 4,008.0 | (0.2) |
| Copper (US$/ MT) | 13,500.9 | 13,621.2 | 0.9 |
| Zinc (US$/MT) | 3,543.8 | 3,542.4 | 0 |
| Aluminium (US$/MT) | 3,150.5 | 3,140.0 | (0.3) |

Source: Bloomberg, Bank of Baroda Research

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For further details about this publication, please contact:

**Chief Economist**
Bank of Baroda
chief.economist@bankofbaroda.com